



DEFENSE LOGISTICS AGENCY
DEFENSE CONTRACT MANAGEMENT COMMAND
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221



IN REPLY
REFER TO AQOE

DEC 11 1996

**MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT
DISTRICTS**

SUBJECT: Benchmark Results - Contract Closeout

During FY96, the contract closeout process was nominated as a benchmarking candidate. A team was formed and consisted of ACOs, contract administrators, the DLA Office of Process & Resource Analysis and AQO representatives. Twenty-one site visits were conducted to identify potential benchmark partners. As a result of these site visits, four CAOs were selected as benchmarking partners.

The four partners were DCMCs Clearwater, Indianapolis, Phoenix and Twin Cities. These four activities exhibited dynamic management staffs which fostered a free flow of information and a keen desire to improve all processes. Additional common factors were: a thorough contract review process to ensure and maintain an accurate database, consistent use of COMPASS/Norm Analysis, a pre-existing contract closeout process which emphasized the use of quick closeout procedures and team communication, both horizontal and vertical. Additional elements that made these benchmark partners successful were: establishing internal stretch goals; weekly/monthly meetings between ACO teams and management, internal policies and procedures for contract review; utilizing Trusted Agents and CAR bi-products, such as 30, 60, 90 day alerts; establishment of database integrity teams to provide initial contract review; followup reviews to ensure database integrity is maintained throughout the life of the contract, business management meetings addressing performance results; cancelled funds reports reviewed and monitored from the beginning of the fiscal year; following the One Book process; continuous coordination with the Defense Contract Audit Agency, the Defense Finance & Accounting Service, procuring contracting officers and contractors; and an active PROCAS program.

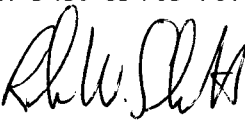
The contract closeout benchmarking project report includes a suggested implementation plan for improving the contract closeout process DCMC-wide. Some of the recommendations will be included in the revised One Book Chapter. Additionally, we plan to change the Performance Labor Accounting System Code to Code 181 only, accelerate ACO Mod input training, distribute a Best Practices and Lessons Learned Handbook to each DCMC office, and continue to encourage communication within and among teams.



The implementation of these recommendations and the revised One Book Chapter will result in an increase in time required for initial contract receipt and review, but, will greatly reduce time for contract closeout, dollars/hours per contract closed, and increase customer satisfaction.

In order to meet or exceed the benchmark for the contract closeout process, it is suggested that the recommendations contained in the benchmarking project report be implemented.

For further information, please contact Ms. Loretta Bowman, Property Management, Contract Closeout and Terminations Team on DSN 427-3439 or 703-767-3439, internet address: loretta_bowman@hq.dla.mil.


for JILL E. PETTIBONE
Executive Director
Contract Management Policy